

Message Text

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15

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00

FMC-01 INR-07 NSAE-00 CG-00 OFA-01 DLOS-04 FEA-01

ERDA-05 AID-05 CEA-01 CIEP-01 FPC-01 H-02 INT-05 L-03

NSC-05 OMB-01 PM-03 USIA-06 SAM-01 OES-03 SP-02 SS-15

STR-04 TRSE-00 FRB-03 /100 W
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R 210724Z JUN 75

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 6137

INFO AMEMBASSY LONDON

USMISSION EC BRUSSELS

LIMITED OFFICIAL USE THE HAGUE 3149

3.O. 11652: N/A

TAGS: ETRN, EWWT, MARAD, NL, US

SUBJECT: STORM BREWING OVER CHARTERING BY SMIT-LLOYD OF OIL SUPPLY
VESSELS FOR GULF OF ALASKA

1. ROM W. SCHEFFER, MANAGING DIRECTOR OF SMIT-LLOYD (A LEADING OFFSHORE OIL AND GAS FIELD SHIP SUPPLY SERVICE OWNED BY NEDERLANDSE SCHEEPVAART UNIE, HOLLAND AMERIKA LINE AND SMIT INTERESTS) TOLD ECON/COM COUNSELOR JUNE 19 THAT POLITICAL PRESSURE IS BEING USED IN U.S. TO TRY TO FORESTALL MARAD APPROVAL FOR CHARTERING TO SMIT-LLOYD BY U.S. FIRM BIEHL AND CO. OF HOUSTON OF TWO OIL SUPPLY VESSELS (NOW BEING BUILT FOR BIEHL BY CAMPABELL OF SAN DIEGO AT \$8 MILLION EACH) TO PROVIDE SUPPLY SERVICES TO SAM GROUP (SHELL, ATLANTIC RICHFIELD, MOBIL) FOR WORK IN GULF OF ALASKA BEGINNING IN 76-77 PERIOD. SCHEFFER INSISTS THAT TWO VESSELS WILL BE U.S. BUILT WITH U.S. COMPONENTS, WHOLLY OWNED BY WHOLLY U.S. COMPANY, OPERATED BY ALL U.S. CREW UNDER U.S. FLAG, AND OTHERWISE COME FULLY WITHIN PROVISIONS OF JONES ACT, WITH LIMITED OFFICIAL USE
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SMIT-LLOYD RECEIVING PAYMENT ONLY FOR SERVICES AND TECHNICAL KNOW HOW. SCHEFFER INDICATED THAT MARAD IS FULLY APPRISED OF ALL FACTS INVOLVING BIEHL APPLICATION AS WELL AS MINIMAL ROLE OF SMIT-LLOYD, AND SPECIFICALLY REFERRED TO DISCUSSIONS WITH

DEPUTY MARAD ADMINISTRATOR BLACKWELL BOTH PRIOR TO AND AFTER
SUBMISSION OF APPLICATION.

2. SCHEFFER SAID HE AND HIS PRINCIPALS HAVE BECOME SO AROUSED
BY GROWING OPPOSITION AND DELAY IN OBTAINING APPROVAL THAT
HE HAS REQUESTED GON TO ARRANGE DEMARCHE BY WASHINGTON
EMBASSY APPARENTLY CITING RELATIVE LACK OF RECIPROCITY AND
DAMAGE MARAD NEGATIVE DECISION MIGHT HAVE ON RELATIVE EASE
WITH WHICH U.S. FLAG OIL SUPPLY VESSELS OPERATE IN EUROPEAN
WATERS. SCHEFFER ALSO INSISTS THAT IF MARAD NOW TURNS DOWN
APPROVAL, SMIT-LLOYD WILL PURSUE MATTER IN U.S. COURTS AND
PRESS GON AND OTHER EUROPEAN NATIONS TO TAKE RETALIATORY
ACTION AGAINST U.S. OIL SUPPLY VESSELS OPERATING IN EUROPEAN
AREA.

3. COMMENT: EMBASSY CAN CONFIRM THAT POSITION OF SCHEFFER
AND SMIT-LLOYD IN DUTCH SHIPPING CIRCLES IS SUBSTANTIAL ENOUGH
TO CREATE QUITE A STIR AND, IF SCHEFFER'S ASSERTIONS ARE
CORRECT AND BECOME PUBLICLY KNOWN HERE, WE MAY HAVE ANOTHER
TRANSPORTATION ISSUE TO RIVAL THAT OVER KLM CAPACITY ON NORTH
ATLANTIC FLIGHTS. IT WOULD HELP US AT THIS JUNCTURE TO HAVE
DEPARTMENT'S AND MARAD'S COMMENTS AND GUIDANCE.
GOULD

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